

Andrew Christians recently participated in a roundtable panel at the American Bar Association Annual Meeting in Chicago, IL, with the topic being “Buyer and Seller Perspectives on Emerging Bank M&A Market”. Christopher J. Zinski, a Partner with Schiff Hardin LLP, acted as the moderator for the interactive forum.

Subjects for discussion included:

- Is the bank M&A market truly “emerging”?
- Does the discussion begin and end with credit quality?
- What is affecting bank M&A on the sell-side?
- What is affecting bank M&A on the buy-side?

Attached are a few slides related to the recent community bank M&A environment and credit quality trends.

Buyer and Seller Perspectives on Emerging Bank M&A Market



American Bar Association Annual Meeting

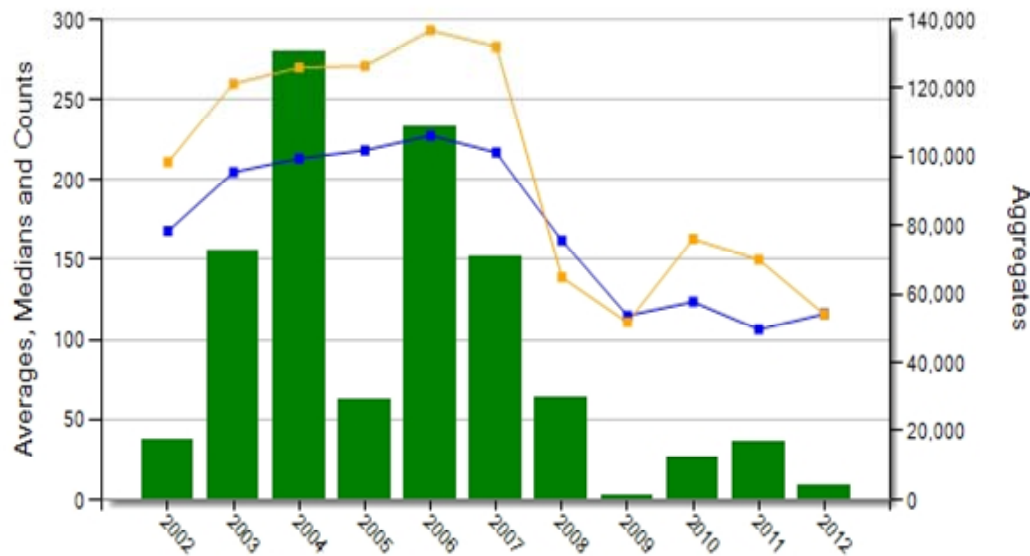
August 4, 2012

Andrew C. Christians, CFA

Confidential

Historical Bank M&A - Annual

Although well below the peak years, regular course M&A does appear to be rebounding from the historical lows experienced in 2008/2009



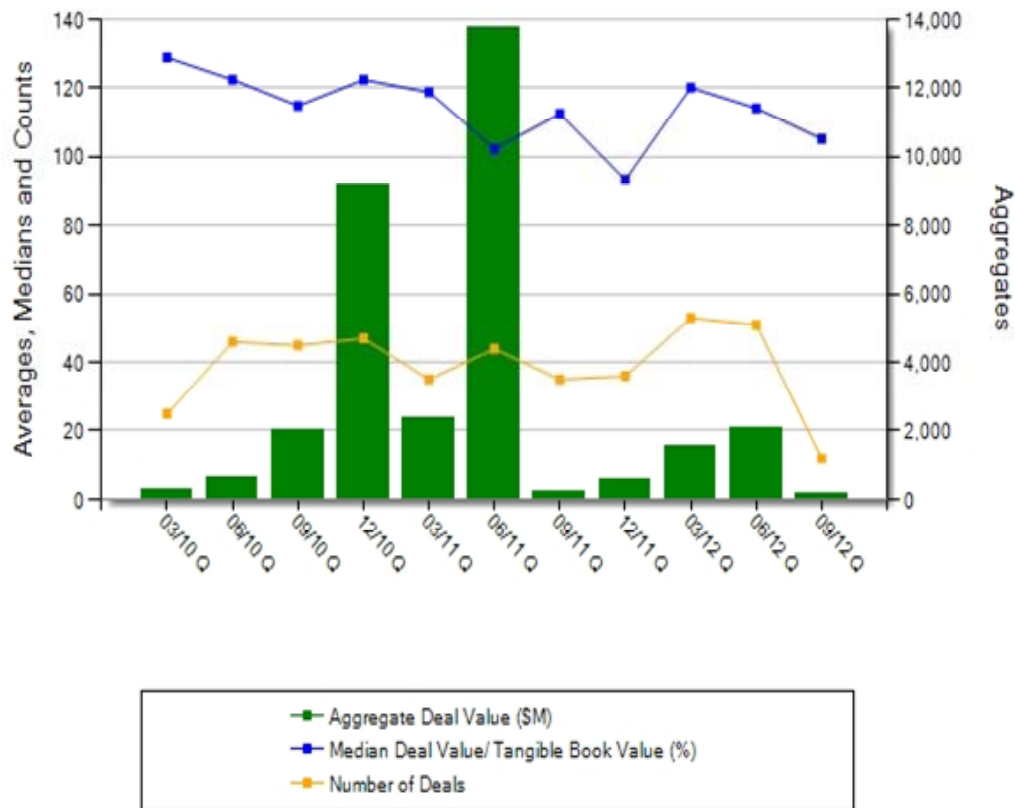
116 deals have been announced/completed in 2012 at a median price / TBV multiple of 116.3%, as compared to 150 (106.4%) and 163 (123.8%) for 2011 and 2010, respectively



* Source: SNL Financial
 ** Excludes private equity deals
 *** Through August 2, 2012

Historical Bank M&A – Recent Activity

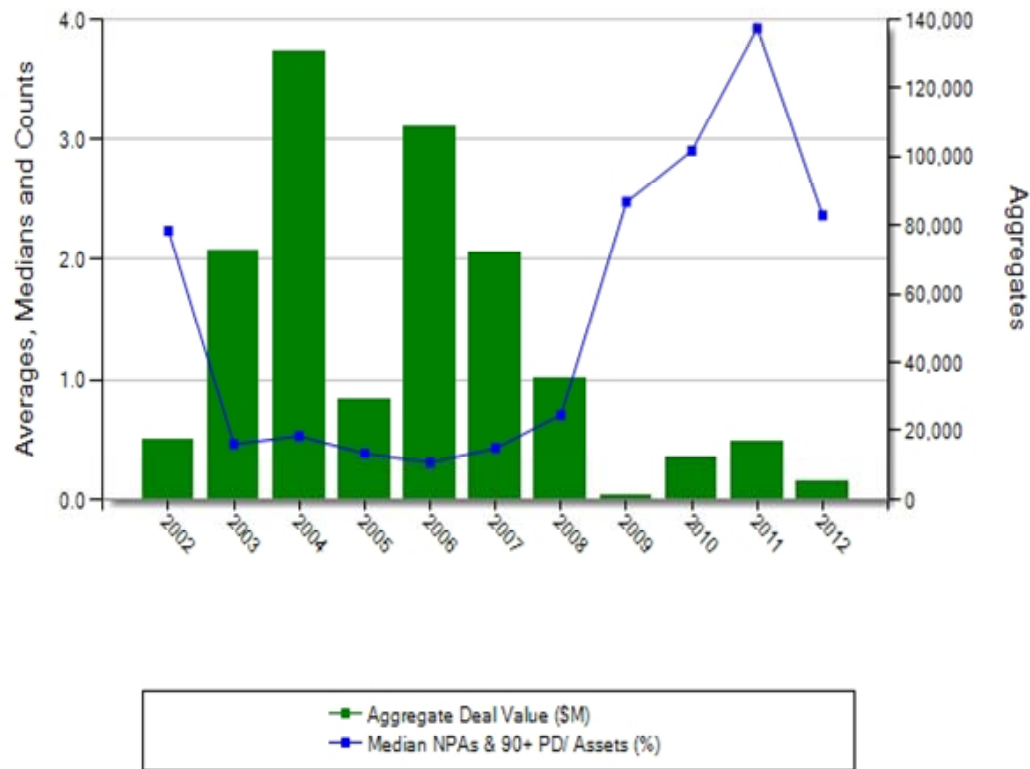
Albeit slow, normal course M&A activity has ticked up in 2012, while pricing has been fairly steady. Part of this is related to a slowdown in FDIC failures, but it also is a factor of an improved economy, credit quality, and core profitability.



* Source: SNL Financial
 ** Excludes private equity deals
 *** Through August 2, 2012

Historical Bank M&A – Credit Quality

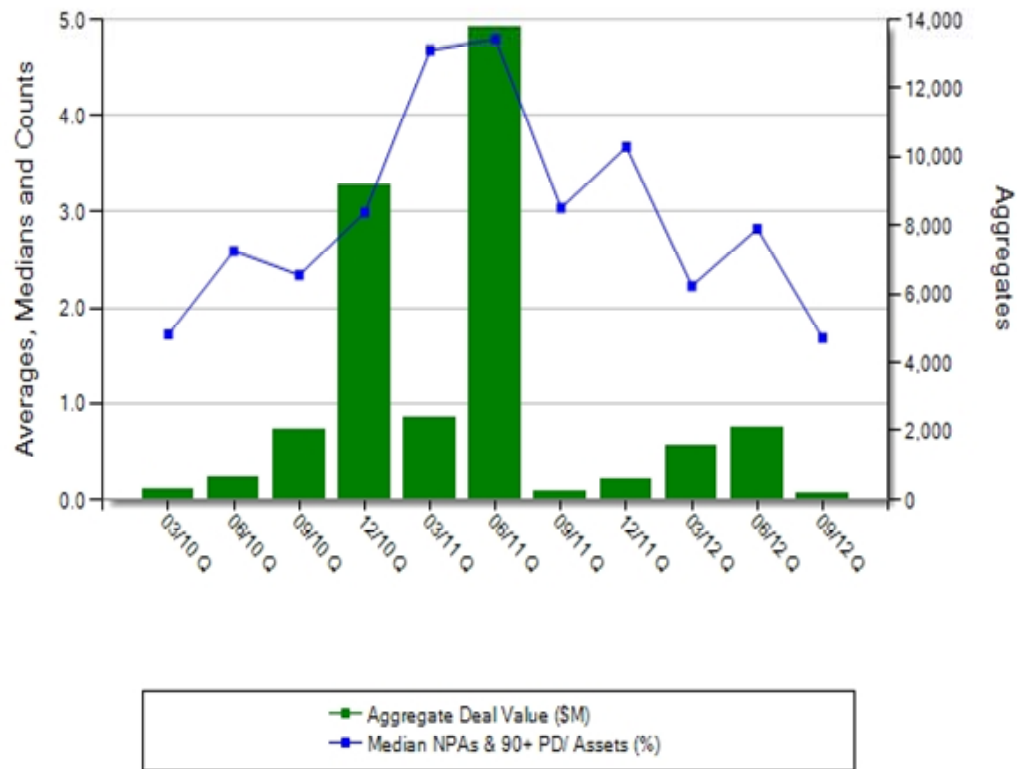
2011 was the peak median NPAs/assets for regular course M&A, with 2012 showing signs of improvement at the target.



* Source: SNL Financial
 ** Excludes private equity deals
 *** Through August 2, 2012

Historical Bank M&A – Credit Quality

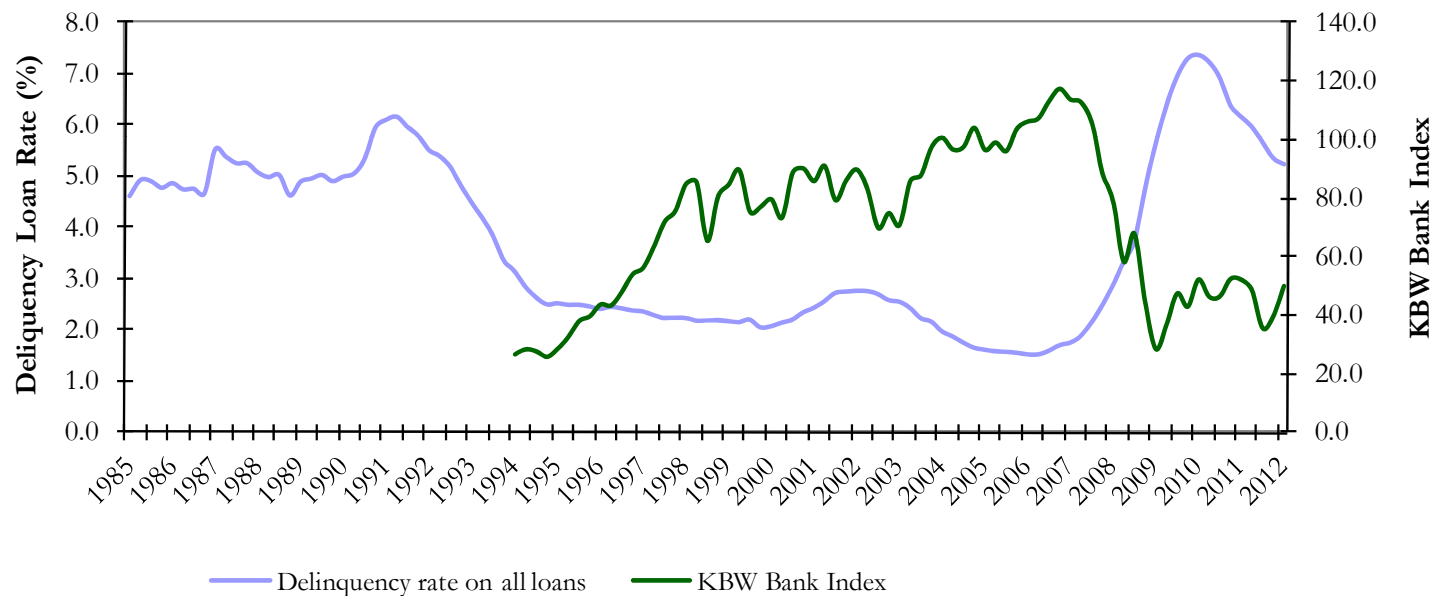
As displayed by the chart below, we are seeing improving trends in credit quality at the target in the recent past



* Source: SNL Financial
 ** Excludes private equity deals
 *** Through August 2, 2012

Historical Credit Quality

Credit quality has a direct correlation with bank stocks – as we continue to see improving trends in delinquencies, we should expect a rebound in bank stock prices.



Note: Delinquent loans are those past due thirty days or more and still accruing interest as well as those in nonaccrual status.